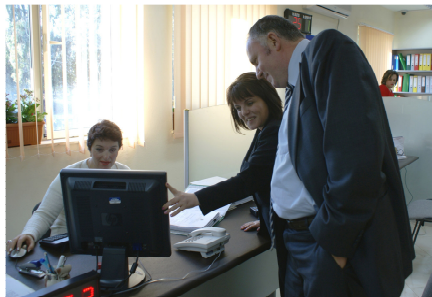




Millennium Challenge Albania

Threshold Agreement TAX COMPONENT FACT SHEET

Improving Efficiency, Transparency, and Accountability in Tax Administration



GDT and Project staff discuss over the newly introduced e-tax modules at the Taxpayers Service and Registration Center in Tirana.

PHOTO: CHEMONICS INTERNATIONAL

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PROJECT DURATION:

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U.S. Agency for International Development
www.usaid.gov

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OVERVIEW

The Tax Administration Component of the Millennium Challenge Albania Threshold Agreement project works with the Government of Albania (GoA) to develop an integrated tax administration system. The project focuses on enhancements of the administration of three main taxes: value added tax (VAT), profit tax (PT), and the employment income tax (EIT).

The two-year, \$13.85 million Millennium Challenge Albania Threshold Agreement between GoA and Millennium Challenge Corporation, administered by USAID, assists the GoA to improve performance in tax administration, public procurement, and business registration through IT solutions and new legislation.

MAIN ACTIVITIES

The Tax Administration Component works to achieve these results:

Tax Laws, Regulations, and Explanatory Guidance Clarified.

The project is assisting the Ministry of Finance and the General Department of Taxation (GDT) to introduce a unified tax procedure law and to implement regulations in line with best practices and EU standards.

IT Solutions for E-filing and E-payment of VAT, CIT, and PIT.

Introduction of these web-based communication capabilities for taxpayers reduces contact between taxpayers and tax inspectors, diminishes corruption, and decreases costs for taxpayers and tax administration.

Preventive Measures to Reduce Corruption Institutionalized. Taking advantage of new IT solutions, the objective is to improve internal business processes and the organizational structure of tax administration by separating administrative functions, consistent with international best practices.

Taxpayer Services Improved. A customer relations management IT system allows GDT to track taxpayer/tax authority interactions and enables provision of tax information over the phone or via the Internet.

RESULTS TO DATE

- GDT now has a modern Taxpayers and Registration Service Center in Tirana, which uses a Customer Relationship Management software system.
- An enhanced GDT website at www.tatime.gov.al, provides tax-related information, downloadable tax forms, and access to the e-filing options for the taxpayers.
- Large taxpayers are currently able to e-file and e-pay the monthly VAT returns, EIT, PT, as well as social security and health insurance contributions.
- The new tax procedure law, which reflects the extensive discussions with the business community and interest groups, and incorporates recommendations by the IMF and EU harmonization experts, was approved by the Councils of Ministers on March 5th, 2008, and is now before the Parliament.